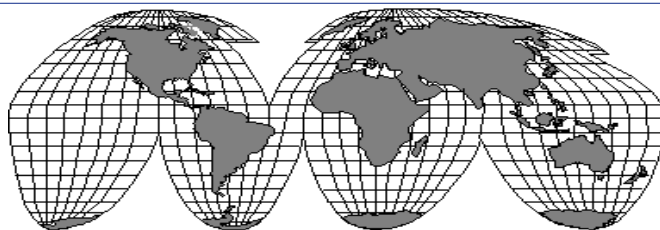


# Foreign Direct Investment In *California*



February 2000

California Trade & Commerce Agency

Foreign investment in California is an important contributor to the state's economy, while providing an ideal economic opportunity to foreign investors.

## **What is Foreign Direct Investment?**

Foreign direct investments (FDI) can be made by the complete or partial purchase of one company by another company, the establishment of a new subsidiary, or the establishment of a joint venture. The two most commonly used indicators of foreign direct investment are affiliate employment and gross book value. (An *affiliate* is a business enterprise which is owned or controlled, directly or indirectly, by another company.) Affiliate employment measures the number of jobs in a foreign-owned business enterprise located in the United States. Affiliate book value is the value of the property, plant, and equipment. Financial assets, which are generally much larger than physical assets, are not included in book value. Other indicators of foreign investment include transactions, banking, and real estate.

## **The Importance of Foreign Investment**

California receives numerous benefits from FDI. The presence of a foreign-owned company creates jobs for Californians, makes California more accessible to foreign markets, and helps to support an open trade policy by that foreign country. Capital expenditures and research and development spending by the investor can upgrade California manufacturing, retaining state-of-the-art and cutting edge technology, thus improving worker productivity.

Foreign investment competition may cause California companies to increase efficiency to get the most out of their existing plants and people. The increased competition helps to lower the cost of products, thereby benefiting the consumer. The consumer can also benefit on a local level by the frequent philanthropic support of a foreign company, anxious to show goodwill to its adopted community.

## **Benefits to the Foreign Investor**

Foreign investors find many benefits from investing in California. The state offers a large and diverse market of 33 million people. California has a highly educated and skilled labor force where one fourth of the adult population are college graduates. The state's excellent universities and research facilities have developed such industries as biotechnology, environmental technology, information technology, and multimedia and entertainment technology. The broad-based economy provides close proximity to a variety of raw materials and intermediate products. Consequently, investors pay

lower costs for transportation and materials than if they produce goods for the American market overseas. Finally, the state's extensive infrastructure includes 170,000 miles of highways and roads, the newest communications systems, and an abundance of energy from a variety of resources.

California is continually improving its business climate and the business community is taking notice.

The state is also the ideal starting place for investors wishing to enter the high technology industries of tomorrow. The state is known for an entrepreneurial culture and high technology skills that make California firms the world leaders in knowledge-intensive sectors such as integrated circuits, biotechnology, multimedia and software. Investors can enter these promising new industries through numerous venture capital and joint venture opportunities with California start-up companies.

California's prime location allows investors to take advantage of the North American Free Trade Agreement (NAFTA). NAFTA was designed to eliminate trade barriers between Canada, the United States, and Mexico. By investing in California, investors gain access to both the North American and Pacific Rim markets.

*National surveys of CEOs and site locators say California's improved business climate has put the Golden State among the most favored states in the country for future business locations and expansions.*

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# California

## The Extent of Foreign Investment

California is the nation's leader in foreign direct investment. Investors have been drawn to the state by the political stability of the U.S. and the myriad investment opportunities in the California economy. In 1997, there were more than 3,000 foreign affiliates in the state with nearly \$92 billion in assets, as measured by the book value of affiliate property, plant and equipment. Those affiliates employed 570,000 Californians, or 4.2 percent of all jobs in the state.

California has consistently been the largest state in the nation in terms of foreign direct investment. From 1986 to 1996, the state's proportion of all foreign affiliate assets in the U.S. has been between 12 and 13 percent. In 1997, this share dropped to 10.6 percent. Texas was the next closest state with 9.0 percent, followed by New York with 6.2 percent.

California also had the highest level of affiliate employment in the nation, employing almost 220,000 more people than second place New York. The state's share of affiliate employment in the U.S. was 11.0 percent in 1997. Manufacturing provides the largest number of affiliate jobs, much like the rest of the nation; however, California has a higher concentration of affiliate employment in the wholesale trade and services sectors.

Foreign investment in California differs from the rest of the U.S. in the types of industries that receive foreign investment. Foreign investment tends to reflect regional economic strengths as inves-

### Foreign Direct Investment, California and Other States, 1997

State	Affiliate Employment	State	Book Value (\$ millions)
1 California	569,400	1 California	\$91,788
2 New York	351,100	2 Texas	77,906
3 Texas	350,600	3 New York	53,711
4 Florida	240,900	4 Illinois	37,649
5 Ohio	234,100	5 Ohio	35,095
6 Pennsylvania	225,000	6 New Jersey	30,488
7 North Carolina	225,000	7 Florida	29,598
8 Illinois	224,500	8 Alaska	25,922
9 New Jersey	212,400	9 Pennsylvania	25,671
10 Georgia	188,900	10 Georgia	25,403
All other states	2,342,400	All other states	\$432,966
Total	5,164,300	Total	\$866,197

The source of affiliate book value and employment is the U.S. Bureau of Economic Analysis (BEA). The BEA collects the data through a confidential survey of U.S. affiliates of foreign investors. For affiliate book value, the BEA defines foreign ownership as the control of 10 percent or more of a domestic enterprise's operations, voting securities, or the equivalent, by residents of another country. This issue contains 1997 estimates and 1996 revisions of foreign direct investment in California.

### California Share of US Foreign Investments, Selected Industries and Sectors, 1997

All Industries	10.6%
Manufacturing	7.3%
Beverages	19.1
Computers, Office equip.	35.3
Electronic components	16.4
Instruments	24.2
Wholesale Trade	17.8%
Motor vehicles, parts, supplies	18.6
Professional, Commercial equip.	19.8
Electrical goods	27.9
Machinery, equip., supplies	15.1
Groceries, related products	25.1
Retail Trade	8.5%
General Merchandise	37.6
Apparel/Accessory stores	17.0
Real Estate	23.9%
Services	20.8%
Hotels/ Lodging	23.1
Business services	13.3
Motion pictures	55.3
Acctg., Research, Mgmt	20.0
Other Sectors	
Finance (except banks)	7.7%
Insurance	6.2
Agriculture	18.3%
Construction	20.7

tors seek high returns on their investments. California accounts for a high proportion of foreign investment in real estate, services, and wholesale trade, and a relatively low share of investment in manufacturing. However, the state has a higher proportion of investment in specialized manufacturing industries. For example, in 1997 the state's strength in high technology attracted 33.6 percent of all U.S. foreign investments in instruments, 33.4 percent in computers, and 23.6 percent of communications equipment. California's tourism and travel industry also attracted 23.2 percent of U.S. foreign investments in this industry.

California also differs from the rest of the U.S. in the composition of its investor countries. European investments are spread throughout the United States while Asian investors prefer California by a sizable margin. European investments in California accounted for 39.2 percent of all foreign investment in the state, while in the United States as a whole accounted for 54.2 percent in 1997. However, Asian investments composed 46.6 percent of the California total compared to 27.1 percent of the U.S. total.

# Foreign Direct Investment

## Recent Activity In California

In 1997, the California and U.S. economies grew at 5.0 percent and 4.3 percent, respectively—their fastest rates since 1988. However, despite this strong growth, the Asian financial crisis weighed heavily on foreign investor countries, and total foreign direct investment in the California declined 10.6 percent in 1997.

### Affiliate Book Value and Employment

In 1997, the total book value of property, plant, and equipment of all affiliates in California was down \$11 billion to \$92 billion. The decrease in foreign investment was primarily attributed to two major investor countries, Japan and the Netherlands.

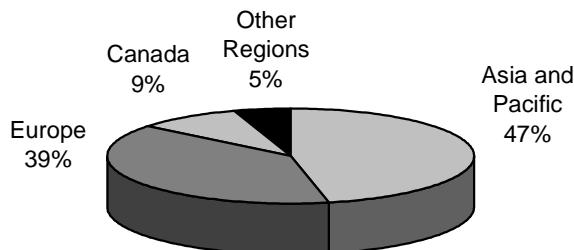
#### Top Foreign Investors, by Country, Book Value and Employment, 1997

Country	Book Value (\$ millions)	Country	Employment (thousands)
Japan	33,827	Japan	162.9
United Kingdom	10,726	United Kingdom	87.6
Canada	8,515	Canada	58.2
Germany	8,049	Germany	59.6
France	5,551	Switzerland	43.8
Netherlands	5,526	France	32.7
Switzerland	3,349	Netherlands	23.6
South Korea	2,084	Australia	12.4
Australia	2,027	Bermuda	11.5
Hong Kong	1,949	South Korea	6.9
		Hong Kong	6.9

Despite a \$6.2 billion decrease in foreign investment, Japan remained the largest foreign investor country in 1997. Japan held nearly \$34 billion or 37 percent of all foreign investment in California. However, Japanese parent companies were adversely affected a sluggish Japanese economy and a strong U.S. dollar in 1997. As a result, parent companies sold off affiliate operations in wholesale trade, manufacturing, and real estate.

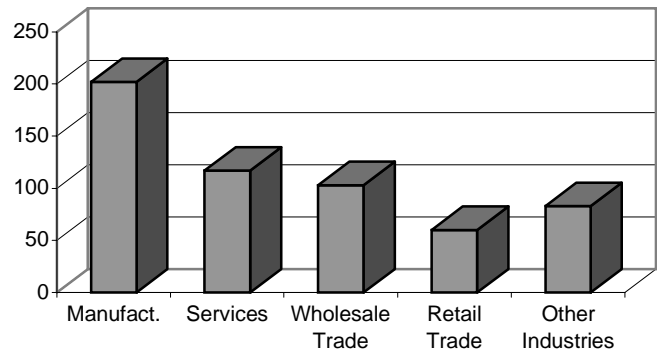
The Netherlands, last year's second largest investor country, dropped to sixth with a 57.2 percent decrease in investment, primarily in petroleum. As a result, the United Kingdom became the second largest investor country with a 9.7 percent increase from last year. The next largest investor countries were Canada and Germany, respectively.

#### Foreign Investment in California, By Region, 1997



Other Regions include: Latin America & Other Western Hemisphere, Middle East, United States, and Africa.

#### Foreign Affiliate Employment in California, By Sector, 1997



The largest sectors in terms of affiliate book value were manufacturing, real estate, and wholesale trade. Combined, these sectors accounted for two-thirds of all foreign investment in the state. In 1997, decreases in petroleum and wholesale trade investment offset increases in manufacturing. Wholesale trade investment declined by almost \$6.5 billion from sell-offs in affiliates specializing in motor vehicles and electrical goods. The manufacturing sector lessened the loss with a \$1.7 billion increase driven by investment in electronic components, instruments, and construction related materials (stone, clay, and glass products).

Foreign affiliate employment in the California totaled 569,400 jobs in 1997. Japanese affiliates provided the greatest number of jobs, employing 169,000 Californians. Many of these jobs were in wholesale trade, computer and electronics manufacturing, and hotel and lodging services. The United Kingdom and Germany were the next largest employers with concentrations in the services sector and retail trade, respectively.

By sector, most foreign investment jobs were in the manufacturing, services and wholesale trade sectors. Manufacturing provided 35 percent of all foreign investment employment. More than 40 percent of these manufacturing jobs were in high-tech industries of industrial chemicals and drugs, computers and electronics, and instruments. The services sector was the next largest sector with most of these jobs in business services and hotels and lodging services. Despite the significant decrease in foreign investment, wholesale trade still accounted for 18 percent of all foreign investment jobs in the state.

#### Book Value of Foreign Investment in California, Leading Sectors, 1997

Sector	\$ millions	Percent
Manufacturing	23,048	25.1%
Real estate	21,112	23.0%
Wholesale trade	17,020	18.5%
All Other Sectors	14,762	16.1%
Services	11,724	12.8%
Petroleum	4,122	4.5%
Total	91,788	100.0%

# California

## Banking

California is the international banking center of the West Coast. Foreign bank assets in the state comprise nearly a fifth of the total assets in California banks. Foreign banks consist of foreign branch offices, agencies, and U.S. subsidiaries of foreign banks.

Foreign banks play an important role in the state economy. They provide an additional source of credit to businesses and individuals, facilitate international transactions, and adding to the overall liquidity and depth of the California banking environment. In addition, these banks are also a source of quality jobs to Californians.

Foreign banks also benefit from their presence in the state. They gain access to a vast market of businesses and consumers, and a stable economic and political environment. They also benefit from the opportunity to serve their own customers operating in California (e.g., Japanese automobile and electronics firms).

Information on foreign investment in banking comes from the *Structure Data for U.S. Offices of Foreign Banks*, prepared by the U.S. Federal Reserve, and other data compiled by the California Department of Financial Institutions. These government agencies provide detailed information on banking activities in the state, including total assets, loans, deposits, and number of foreign banks.

**California Activity.** As of December 1998, California offices of foreign banks held \$96.4 billion in assets, representing 21 percent of all bank assets in the state. Total assets were down by nearly 14 percent in 1998, due to the effects from the Asian financial crisis, cutbacks in Japanese international banking operations, and increased competition from US domestic banks.

Most of the cutbacks were among the foreign bank branches and agencies. During 1998, one agency opened, while three branches and seven agencies closed, resulting in a decrease in total assets from \$56.7 billion to \$42.3 billion. Total assets among foreign subsidiary banks operating in California were also down, decreasing 1.5 percent in 1998 to \$54.1 billion.

The Federal Reserve System classifies banking institutions into the following four categories:

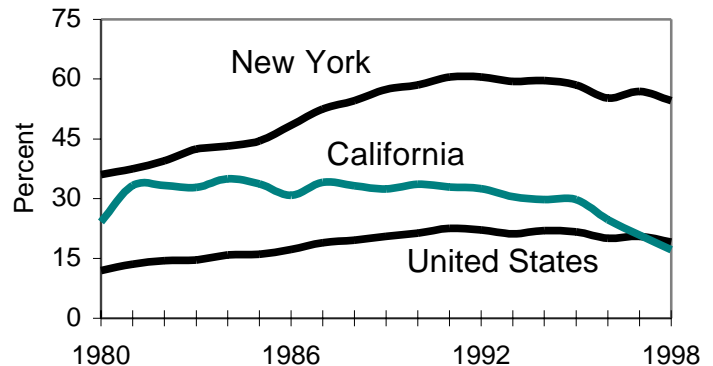
**Subsidiaries** are commercial banks chartered in the U.S., that have the same capital and insurance requirements and regulations as domestically-owned banks, and may offer a full range of banking services.

**Agencies** differ from subsidiary commercial banks in that they cannot accept deposits, and usually concentrate on trade-financing and money-market services. Agencies may be funded with borrowings from parent companies or their affiliates.

**Branches** can accept deposits, but are otherwise much the same as agencies.

**Edge and Agreement** corporations primarily engage in international finance.

**Foreign Share of Total Bank Assets, 1980 -1998**



**California's Share of U.S. Foreign Banking.** California is second only to New York in terms foreign ownership of bank assets. In 1998, California had almost 9 percent of the nation's \$1.1 trillion in foreign assets, while New York held 70 percent.

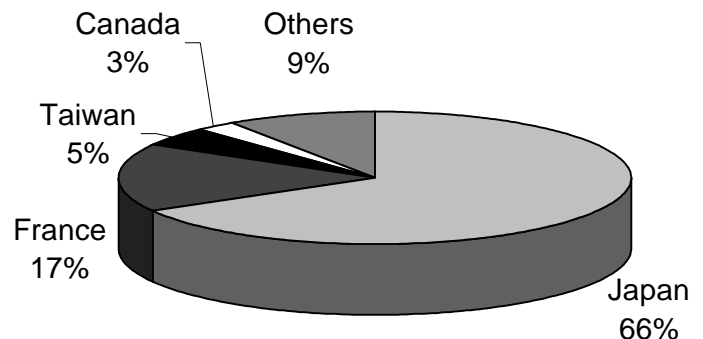
**Lending by Foreign Banks.** California foreign banks play a crucial role in the economy as a major source of financing. In 1998, loans by foreign banks in California totaled almost \$75 billion, or 20 percent of all bank loans in the state.

Foreign banks in California loaned \$42 billion to businesses in 1998, composing 31 percent of all business loans in the state. This share is greater than the 29 percent for the United States as a whole, but less than the New York share of 66 percent. The share of business loans provided by foreign bank offices has been trending downward since peaking at 58.9 percent in 1992.

**Distribution By Country.** Japanese banks are by far the largest holders of foreign bank assets in California. In 1998, Japanese banks held 66.8 percent of foreign banks assets in California (see the graph below). The next largest holders of assets were France and Taiwan.

Foreign bank assets from Japan and South Korea decreased 19 percent and 58 percent, respectively, as a result of the Asian financial crisis and a weak Japanese economy. In contrast, foreign bank assets from France, Taiwan, and Canada were up substantially from 1998.

**Foreign-Held Bank Assets in California, Leading Countries, December 1998**





# Foreign Direct Investment

## Real Estate

California has always been a prime location for foreign investment in real estate. The state has a strong history of private ownership, an entrepreneurial spirit towards development, and a favorable tax structure. The location of the state on the Pacific Rim also makes it an ideal place for trade and banking investments. As a travel destination, California provides opportunities for investments in lodging and resorts. With a fine reputation for high technology and entertainment, the state offers good returns on investments in research and development facilities and motion picture studios. All of these investments require California real estate.

Foreign investment in real estate includes the purchase of raw land, agricultural land, and residential, industrial, and commercial properties. However, investments in commercial property represent the largest segment of investment property, and more than one-third of all foreign direct investment in California. Consequently, foreign ownership of commercial property is the primary measure of foreign direct investment in real estate.

Investment commercial property may be held in a variety of investment structures. The most common and simplest form is the individual ownership of the fee and title to a property. Indirect investment vehicles, in which the foreign investor owns an interest in an entity that owns the property, are more complex. Examples of such indirect investments are real estate investment trusts, master limited partnerships, and collateralized mortgage obligations.

**California Overview.** Foreign investors in California real estate include foreign countries, private individuals, corporations, and institutions. Over the years, investors from Europe, the Middle East, Asia, Canada, and Latin America have invested in real estate, and shown an interest in all types of properties. The impact of existing and future foreign investment on California depends to a great extent on the intentions of foreign investors. Most foreign investments in commercial property are long-term, rather than speculative investments.

Commercial property consists of the gross book value of all commercial buildings and associated land owned by the affiliate. Commercial buildings include apartment buildings, office buildings, hotels, motels, and buildings used for wholesale, retail, and services trades (such as shopping centers, recreational facilities, department stores, bank buildings, restaurants, public garages, and automobile service stations).

Foreign investment in California commercial property totaled \$34.8 billion in 1997, up 8.5 percent from 1996. This increase was driven by new investment by Japan and Canada. Japan was the largest investor with \$14.6 billion, or 42 percent of all foreign investment in commercial property. Commercial property investments by Japanese investors increased 11 percent in 1997, representing the first increase in since the early 1990s. Japanese investments were highly concentrated in real property, making up 59 percent of Japanese-owned commercial property. Hotels and wholesale facilities composed an additional 18 percent and 9 percent, respectively.

Canada was the second largest foreign investor in commercial property. Canadian commercial property holdings increased almost 50 percent in 1997, as investments grew to \$4.8 billion in 1997. Canadian-owned commercial property was also concentrated in real property (68 percent), but also in the motion pictures industry (21 percent).

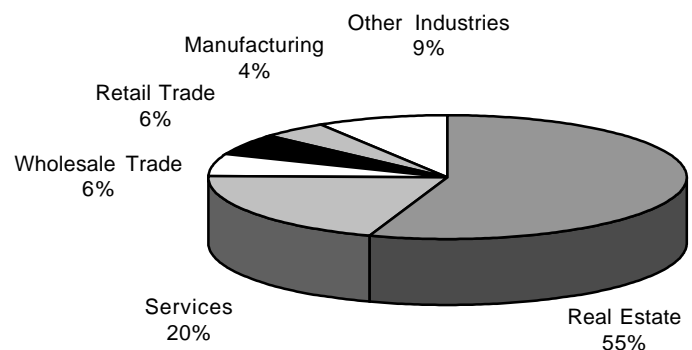
### Commercial Property Owned, by Investor Country, 1997 (\$millions)

Japan	\$14,558
Canada	4,806
United Kingdom	2,267
France	2,248
Germany	1,688
Hong Kong	1,631
Australia	998
Switzerland	762
Netherlands	747
Singapore	613

Other major investor countries were the United Kingdom, France, and Germany. Investments in real property made up 37 percent of all European-owned commercial property in California. The remaining commercial property investments were fairly evenly distributed among hotels, manufacturing facilities, and retail properties.

Commercial property investments are also grouped by sector, based on the primary industry of the U.S. affiliate. By sector, the real estate and services sectors made up 75 percent of commercial property investments in California (see graph below). The real estate sector, accounting for 55 percent of total commercial property investments, includes the buying, selling, developing, owning, and leasing of real property by real estate operators, lessors, developers, subdividers, agents, brokers, and managers. The services sector consists primarily of hotels and lodging places, as well as motion picture studios.

### Commercial Property Owned, by Industry, 1997

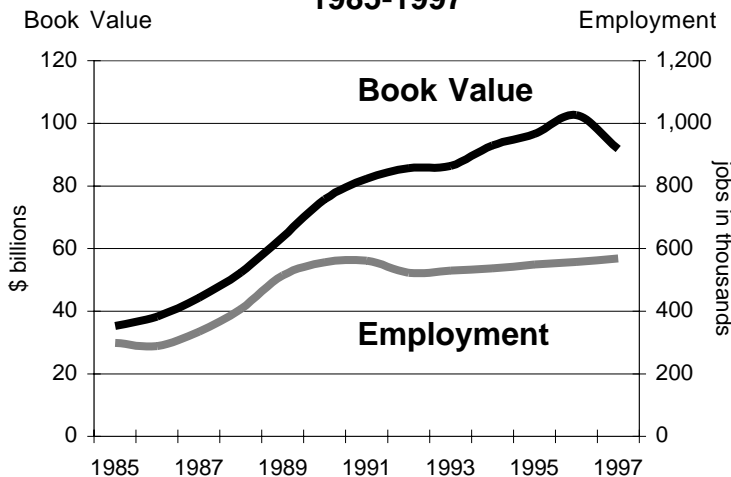


# California

## Foreign Investment Trends

**Investment Climate.** Foreign investment in California is heavily influenced by the foreign exchange rates, and the economic conditions in the state and foreign investor countries. California's large market, strong economy, and leadership in high-technology industries have made the state an ideal investment to foreign investors. Over the last decade, foreign investment in California has more than doubled to \$92 billion, with an average annual increase of 7.6 percent. Although, foreign investment has grown considerably over the last ten years, growth has not been consistent.

**Foreign Investment in California, 1985-1997**



Most of the growth over the last ten years occurred during the late 1980s. From 1985 to 1990, foreign investment in the state grew at an average annual rate of 16.5 percent. Economies of the U.S. and other investor countries were booming, and the U.S. dollar began a downward trend against most major currencies. Japanese investments increased substantially during this period, growing from \$4.6 billion in 1985 to \$23 billion in 1990. However, in July 1990 the U.S. entered into a recession that impacted other regions of the world. Consequently, foreign investment in the state slowed substantially over 1992 and 1993.

By 1994, business conditions improved in Europe and most of the Asia-Pacific region, with the exception of Japan. The U.S. dollar continued to depreciate, making purchases of property, plant, and equipment more affordable. California's economy rebounded, growing at 2.9 percent, while the state improved its business climate through a variety of reforms and economic development incentives. The ratification of NAFTA in January 1994 made California an even more attractive investment by providing foreign investors access to the entire North American market free of tariffs and import licenses. As a result, foreign investment in California increased by more than seven percent in 1994.

Over the next two years, foreign investment grew at a modest rate of 5.1 percent, dragged down by the state's largest investor country, Japan. The U.S. dollar continued to depreciate to an all-time low in the first quarter of 1995 before turning up against the Japanese Yen

and the German Mark. The global economy continued to grow, and the U.S. dollar strengthened against most major currencies. Increased foreign investment from most Asian-Pacific and European countries offset declines from North and South American investor countries, as foreign investment in the state grew at slightly more than four percent in 1996.

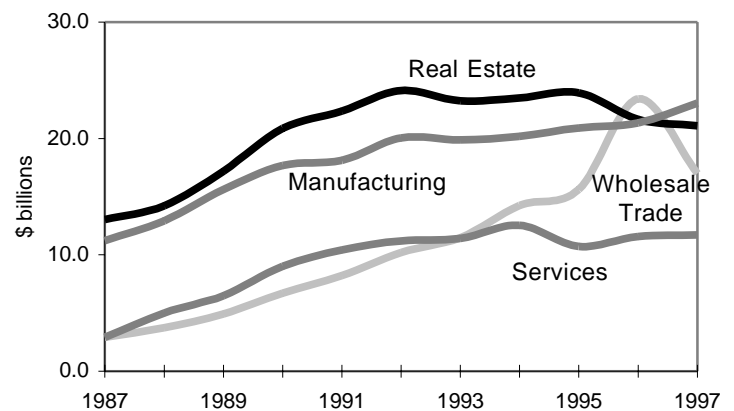
In 1997, the global economy was hit by the Asian financial crisis that eventually spread currency devaluations across Southeast Asia and Latin American. In addition, major investors in California from the Netherlands and Japan sold off significant holdings in the petroleum and wholesale industries, respectively. Consequently, foreign investment in the state dropped by more than 10 percent.

**Investment by Industry.** Foreign investment in California has changed dramatically over the last ten years. The state economy has gone through a major transformation, shifting its economic base from traditional industries towards a more diverse economy with a leadership role in high technology. Foreign investment has mirrored this trend, as investors look to California for high returns and opportunities to enter high technology industries.

In the 1980s, the majority of foreign investment was in real estate, manufacturing, and petroleum industries. Real estate was seen as a safe and highly profitable investment with market forces driving prices up to record levels. Investment in manufacturing was diverse, reflecting the overall growth in the sector. Some of the leading manufacturing industries, in terms of foreign investment were industrial chemicals, machinery, transportation equipment, and stone, glass, and clay products. Petroleum investment was also significant, as the industry kept up with the demand of a growing economy.

In the 1990s, the state's economic base shifted away from its traditional industries of heavy manufacturing, construction, and real estate and towards a more global economy, specializing in high technology and foreign trade. The majority of new investments during this time were in high technology industries of telecommunications, pharmaceuticals, computer software and electronic components, as well as wholesale trade.

**Book Value of Foreign Investment in California by Sectors, 1987-1997**



# Foreign Direct Investment

Foreign investment in telecommunications grew the fastest in the 1990s. Investors were drawn to this industry not only for the large telecommunications market in California, but also its companies, leaders in utilizing the newest communications technologies in. These companies provided the opportunity to gain instant entry into the industry and suppliers, while acquiring technology and expertise. As a result, foreign investment in communications services grew at an average annual rate of 30 percent from 1990 to 1996.

Investment in the pharmaceuticals industry has been growing steadily since the 1980s. A maturing population, improving standards of living in foreign countries, and advances in biotechnology have given the industry a bright future. The U.S. pharmaceuticals industry is composed of several small companies seen by foreign investors as prime acquisitions, providing instant access to the market and suppliers. These acquisitions resulted in pharmaceutical investments increasing by an average annual rate of 11 percent.

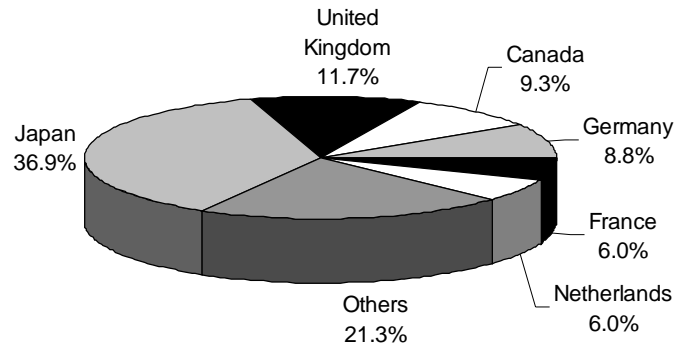
Foreign investment in California's computer software industry was down slightly in the early 1990s, but has taken off in recent years. With the explosive growth of the Internet, multimedia, and innovative uses of microprocessors, foreign investors have been looking to California companies as an opportunity to keep pace with rapidly evolving technologies and earn high returns on innovative start-up companies. From 1993 to 1996, computer software investments have grown at an average annual rate of almost 60 percent.

The wholesale trade sector, highly influenced by foreign trade, has thrived in the state. Wholesale trade, the largest recipient of foreign investment, has benefited immensely from the worldwide demand for California goods and the appeal of the state's large and diverse marketplace. In particular, investments in businesses shipping motor vehicles, professional and commercial equipment, and electrical goods have more than doubled since 1990.

Other manufacturing and service industries receiving considerable amounts of foreign investment during the 1990s include textile and apparel, printing and paper products, transportation equipment, and processing of iron.

Despite the sell-off of significant holdings in petroleum and wholesale trade in 1997, foreign investment increased in several manufacturing and service-producing industries. Foreign investment in instruments, electronics, and construction-related manufacturing all increased by more than 20 percent in 1997. Strong growth was also experienced in the finance, construction, and transportation sectors, as well as the motion pictures industry.

## Book Value of Largest Foreign Investor Countries, 1997

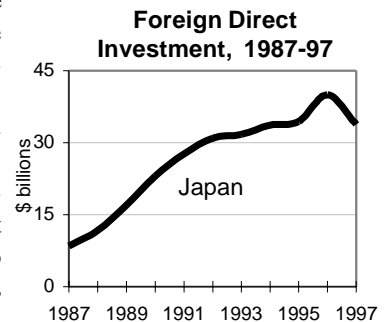


**Investment by Country.** Almost half of all foreign investment in California was held by only two countries in 1997: Japan and the United Kingdom.

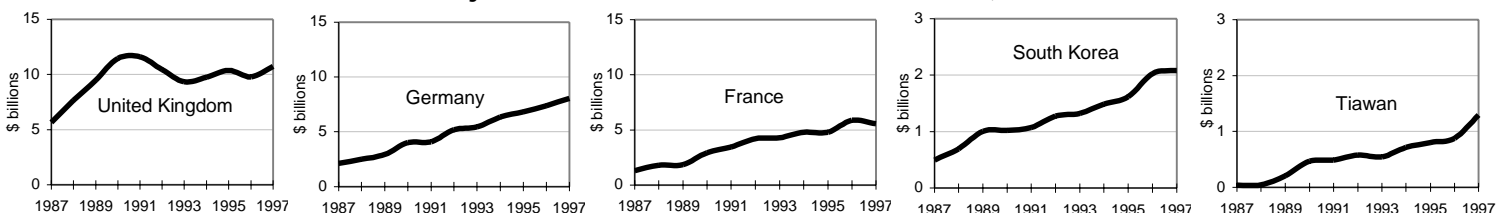
Japan has been the largest foreign investor country in California since the mid-1980s. Japanese investments have grown from \$8.5 billion in 1987 to \$33.8 billion in 1997. These investments are highly concentrated in wholesale trade and real estate where they hold 62 percent and 44 percent of all foreign investment in these respective sectors. Other industries of concentration include hotels and lodging, and machinery and electrical products.

During the 1990s, Japanese investors significantly increase their holdings in both wholesale trade and real estate. However, the collapse of real estate prices from the California recession and a stagnant Japanese economy cause parent companies and investors to begin divesting their holdings in the state. As a result, Japanese investors began selling-off real estate holdings and decreased total holdings in real estate by more than \$2 billion in 1996. This was followed by a 1997 sell-off of wholesale trade holdings of nearly 40 percent.

The United Kingdom was the second largest investor country in 1997 with \$10.7 billion in assets. Most of these investments are spread among industries in manufacturing, telecommunications, and real estate. Investments are especially high in telecommunications and the manufacturing of chemicals and construction-related materials.



## Other Major Investor Countries in California, 1987-1997



## ***Statistical Appendix***

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### ***General Notes for U.S. Bureau of Economic Analysis Data in Appendix Tables***

An *affiliate* is a business enterprise located in the United States which is owned or controlled by a person in another country. A *foreign parent* is the first person outside the U.S. in the ownership chain of a U.S. affiliate who has direct investment interests in the affiliate, owning at least 10 percent of the affiliate.

The *Ultimate Beneficial Owner* (UBO) is the individual, partnership or corporation (proceeding up a U.S. Affiliate's chain of ownership, beginning with the foreign parent) that owns more than 50 percent of the affiliate entity. The UBO, unlike a foreign parent, may be a U.S. person. A U.S. affiliate must, by definition, have a foreign parent, even though the UBO may be a U.S. person.

Detail in the tables may not add to the totals due to rounding. For industry tables, all data for a given U.S. affiliate are shown in the single industry in which the affiliate was classified, based upon U.S. operations as a whole.



# Foreign Direct Investment

**Table 1. Affiliate Gross Book Value of Property, Plant, and Equipment  
In California, by Country of UBO, 1987 -1997 (\$ millions)**

Country	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996r	1997p
All countries	44,275	52,411	63,706	75,768	82,334	85,661	86,462	92,919	96,576	102,703	91,788
Canada	6,108	7,922	9,563	8,954	8,972	6,915	7,698	8,425	9,820	7,019	8,515
Europe	21,536	24,591	28,483	34,123	35,443	36,574	35,674	38,112	40,258	41,958	35,995
Austria	(D)	(D)	(D)	167	176	141	130	64	56	10	1
Belgium	146	168	100	74	259	257	271	(D)	(D)	300	230
Denmark	56	59	188	217	269	311	334	350	303	268	191
Finland	8	14	8	37	46	77	81	79	74	92	107
France	1,307	1,785	1,858	2,924	3,446	4,201	4,277	4,789	4,781	5,870	5,551
Germany	2,106	2,497	2,931	4,020	4,085	5,193	5,430	6,347	6,813	7,394	8,049
Ireland	183	159	262	520	609	666	675	622	644	467	499
Italy	109	217	287	332	297	273	314	309	318	272	242
Liechtenstein	43	62	176	169	110	178	182	120	121	127	106
Luxembourg	(D)	(D)	120	215	210	196	191	254	267	253	306
Netherlands	(D)	(D)	10,767	11,083	10,842	10,842	10,877	11,478	11,932	12,905	5,526
Norway	(D)	102	117	(D)	(D)	(D)	107	(D)	(D)	107	125
Spain	51	52	54	55	79	104	107	120	114	118	126
Sweden	123	413	558	830	1,080	1,056	957	504	543	616	738
Switzerland	1,065	1,152	1,283	1,835	2,011	2,435	2,297	2,874	3,464	3,197	3,349
United Kingdom	5,681	7,636	9,476	11,437	11,590	10,434	9,332	9,734	10,357	9,781	10,726
Other	145	(D)	(D)	(D)	(D)	(D)	111	(D)	166	180	122
Latin America/Other West Hemisph	1,351	1,452	1,865	2,214	2,168	2,662	2,755	2,793	2,145	2,195	2,230
South and Central America	589	695	1,071	1,247	1,306	1,686	1,766	1,835	1,161	1,197	1,029
Brazil	(D)	(D)	17	(D)	(D)	(D)	236	(D)	(D)	(D)	438
Mexico	152	118	236	303	353	695	752	628	640	676	504
Panama	367	497	757	658	653	(D)	(D)	(D)	405	93	72
Venezuela	27	28	28	31	33	13	24	31	8	8	0
Other	(D)	(D)	34	(D)	(D)	55	(D)	54	(D)	(D)	16
Other Western Hemisphere	762	757	794	968	862	977	988	958	984	998	1,201
Bahamas	129	136	351	111	112	(D)	69	33	45	34	23
Bermuda	225	282	305	351	328	440	456	469	534	579	627
Netherlands Antilles	377	290	311	306	319	236	239	206	194	179	188
U. K. Islands, Caribbean	32	41	61	182	85	197	200	238	198	193	362
Other	8	9	9	17	18	(D)	24	13	13	13	1
Middle East	1,930	2,037	1,909	1,997	2,172	2,197	2,355	2,462	2,228	2,384	1,702
Israel	1	1	1	4	4	8	53	47	58	80	153
Kuwait	1,224	1,240	1,252	1,271	1,373	1,419	1,509	1,326	1,052	1,041	548
Lebanon	17	18	19	21	21	22	21	26	26	27	22
Saudi Arabia	384	419	275	306	359	365	359	634	737	664	410
United Arab Emirates	(D)	(D)	302	332	350	(D)	(D)	280	261	(D)	279
Other	(D)	(D)	60	64	65	(D)	(D)	149	93	(D)	291
Japan	8,464	11,702	17,054	23,060	27,688	30,962	31,762	33,649	34,400	39,974	33,827
Australia, New Zealand, S. Africa	2,534	1,999	1,262	1,395	1,387	1,306	1,229	1,496	1,546	1,887	2,123
Other Africa, Asia, Pacific											
Africa, except South Africa	184	167	231	236	273	108	104	n.a.	49	43	20
China	n.a.	n.a.	n.a.	n.a.	n.a.	93	107	131	144	50	43
Hong Kong	958	942	1,111	1,412	1,649	1,824	1,679	2,071	2,150	2,213	1,949
South Korea	494	694	1,005	1,020	1,073	1,275	1,322	1,485	1,615	2,024	2,084
Malaysia	26	60	29	30	48	165	177	195	199	305	298
Philippines	156	160	192	190	207	177	186	181	165	112	69
Singapore	197	214	222	229	282	400	416	541	392	758	746
Taiwan	39	46	208	466	487	579	547	713	803	880	1,293
United States	147	255	314	161	136	181	180	210	174	350	505

p: Preliminary data; r: Revised data; n.a.: ND: Suppressed to avoid disclosure of data of individual companies.

\* Less than \$500,000.

# California

**Table 2. Affiliate Gross Book Value of Property, Plant and Equipment in California, All Countries, by Industry of Affiliate, 1987-1997 (\$ millions)**

Industry	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996r	1997p
All industries	44,275	52,411	63,706	75,768	82,334	85,661	86,462	92,919	96,576	102,703	91,788
Petroleum	(D)	(D)	10,918	11,795	11,758	(D)	(D)	(D)	(D)	(D)	4,122
Manufacturing	11,245	12,931	15,613	17,697	18,138	20,043	19,868	20,175	20,929	21,355	23,048
Food and kindred products	1,473	1,426	1,970	2,333	2,481	2,729	2,782	2,929	2,828	2,694	2,667
Chemicals and allied products	2,449	2,545	2,716	4,037	4,124	5,140	4,951	5,328	5,126	5,298	5,044
Industrial chemicals and synthetics	1,503	1,400	1,412	1,574	1,587	2,216	1,954	1,840	1,861	1,743	1,360
Drugs	509	614	691	1,274	1,485	1,711	1,881	2,292	2,172	2,419	2,383
Soap, cleaners, and toilet goods	376	426	555	650	691	755	771	804	742	769	781
Other	61	104	58	539	361	458	345	392	351	367	520
Primary and fabricated metals	983	1,348	1,738	1,887	1,711	1,757	1,744	1,889	1,799	2,017	1,961
Primary metal industries	829	1,030	1,346	1,282	1,201	1,166	1,204	1,376	1,280	1,371	1,469
Fabricated metal products	154	318	392	605	510	591	540	513	519	646	493
Machinery	2,530	3,343	3,958	4,784	4,622	4,940	4,785	4,307	4,621	4,570	5,175
Machinery, except electrical	791	1,106	1,555	1,817	2,262	2,051	1,832	1,602	1,818	1,299	1,433
Electric and electronic equipment	1,738	2,237	2,403	2,967	2,359	2,889	2,952	2,705	2,803	3,271	3,741
Other manufacturing	3,811	4,270	5,230	4,655	5,201	5,476	5,607	5,722	6,556	6,775	8,201
Textile products and apparel	81	141	186	107	119	152	132	150	185	183	111
Lumber, wood, furniture, fixtures	(D)	42	36	57	63	61	93	60	62	84	66
Paper and allied products	(D)	160	237	279	318	406	350	392	531	561	584
Printing and publishing	239	194	296	338	372	511	660	734	935	696	861
Rubber and plastics products	122	238	260	302	348	396	373	400	449	471	453
Stone, clay, and glass products	1,606	2,013	2,366	1,972	2,161	1,990	1,960	1,951	1,919	2,139	2,660
Transportation equipment	630	728	993	963	994	1,196	(D)	1,221	1,687	1,864	1,800
Instruments and related products	494	328	371	489	617	552	597	658	648	644	1,465
Other	216	426	486	148	209	212	(D)	154	141	133	167
Wholesale Trade	2,929	3,744	4,912	6,719	8,242	10,206	11,490	14,246	15,607	23,420	17,020
Motor vehicles and equipment	1,127	1,466	1,721	2,956	3,851	4,705	5,608	(D)	(D)	(D)	9,427
Metals, minerals, except petroleum	154	159	219	219	236	216	209	252	1,087	240	126
Other durable goods	95	156	282	473	459	422	462	507	562	618	503
Farm product raw materials	38	44	55	63	78	123	119	158	165	139	151
Other nondurable goods	335	246	359	322	374	495	470	(D)	(D)	(D)	754
Retail Trade	1,315	1,939	1,799	2,684	3,405	2,517	2,795	(D)	2,625	2,817	2,937
Food stores, eating & drinking places	22	19	(D)	(D)	850	889	(D)	1,148	(D)	1,375	1,458
Other retail trade	(D)	(D)	631	729	864	838	(D)	(D)	(D)	665	722
Finance, except banking	403	245	470	642	883	879	819	924	(D)	544	614
Insurance	281	442	492	776	1,259	1,401	1,523	1,697	1,669	1,868	1,871
Real Estate	13,045	14,230	17,213	20,853	22,383	24,118	23,232	23,488	23,918	21,652	21,112
Services	2,915	5,000	6,515	9,036	10,418	11,207	11,435	12,539	10,726	11,601	11,724
Other Industries	(D)	(D)	5,774	5,566	5,849	(D)	(D)	(D)	9,282	(D)	9,341
Agriculture, forestry and fishing	393	417	551	695	630	517	516	604	632	645	546
Mining	351	477	1,349	851	805	820	(D)	(D)	(D)	(D)	(D)
Construction	382	275	576	1,646	1,735	1,075	954	965	(D)	859	1,022
Transportation	517	2,384	2,639	1,426	1,577	906	1,081	1,212	1,198	1,633	1,779
Communication and public utilities	(D)	(D)	659	949	1,102	(D)	1,371	(D)	6,050	4,490	(D)

p: Preliminary data; r: Revised data; n.a.: Not available; D: Suppressed to avoid disclosure of data of individual companies.

# Foreign Direct Investment

**Table 3. Affiliate Gross Book Value of Property, Plant, and Equipment in California,  
by Industry of Affiliate by Country of UBO, 1997 (\$ millions)**

	All countries	Canada	Europe						Latin America and Other Western Hemi- sphere	Africa	Middle East	Asia and Pacific		
			Total	Of which								Total	Of which	
				France	Germany	Neth- erlands	Switzer- land	United Kingdom					Australia	Japan
All industries	91,788	8,515	35,995	5,551	8,049	5,526	3,349	10,726	2,230	68	1,702	42,773	2,027	33,827
Petroleum	4,122	143	(D)	(*)	3	(D)	0	111	(D)	(D)	0	164	138	23
Petroleum, coal products	(D)	1	(D)	0	3	(D)	0	(D)	0	0	0	138	138	0
Other	(D)	142	98	(*)	(*)	0	0	(D)	(D)	(D)	0	26	0	23
Manufacturing	23,048	933	12,213	1,588	2,255	1,206	2,740	3,214	834	(D)	79	8,865	511	6,999
Food, kindred products	2,667	141	1,709	369	(D)	8	776	417	144	0	4	668	(D)	534
Beverages	778	(D)	514	222	(D)	0	(D)	114	0	0	0	(D)	0	164
Other	1,888	(D)	1,196	147	0	8	(D)	303	144	0	4	(D)	(D)	369
Chemicals, allied products	5,044	76	4,273	445	976	528	1,405	828	(D)	0	0	632	(*)	549
Industrial chemicals	1,360	7	1,204	(D)	41	222	142	(D)	0	0	0	148	(*)	66
Drugs	2,383	0	1,989	(D)	483	(D)	(D)	170	0	0	0	394	0	394
Soap, cleaners, toiletries	781	(D)	638	(*)	(D)	(D)	0	1	0	0	0	(D)	0	(D)
Other	520	(D)	442	0	(D)	(D)	(D)	(D)	(D)	0	0	(D)	0	(D)
Primary, fabricated metals	1,961	(D)	513	(D)	141	(D)	1	74	(D)	(D)	0	950	(D)	285
Primary metal industries	1,469	(D)	(D)	(D)	18	0	1	(D)	(D)	(D)	0	898	0	244
Ferrous	1,306	0	37	(D)	3	0	0	(D)	(D)	0	0	(D)	0	(D)
Nonferrous	163	(D)	(D)	(*)	15	0	1	0	0	(D)	0	(D)	0	(D)
Fabricated metal products	493	(D)	(D)	(D)	124	(D)	(*)	(D)	(*)	0	0	52	(D)	41
Machinery	5,175	233	1,589	51	479	351	(D)	491	6	(D)	54	3,209	119	2,695
Industrial machinery, equip.	1,433	(D)	458	5	38	(D)	25	236	(*)	(D)	(D)	816	(D)	677
Computer, office equip.	735	(D)	41	5	1	29	5	0	(*)	0	19	642	0	547
Other	698	(D)	418	(*)	37	(D)	20	236	(*)	(D)	(D)	174	(D)	130
Electronic, electric equip.	3,741	(D)	1,130	45	441	(D)	(D)	255	6	0	(D)	2,393	(D)	2,018
Audio, video, comm.	673	186	176	(D)	0	0	2	112	5	0	(*)	307	0	282
Electronic components	1,963	(D)	455	14	(D)	(D)	0	84	1	0	(D)	1,489	0	1,410
Other	1,105	9	499	(D)	(D)	3	(D)	59	0	0	0	597	(D)	326
Other manufacturing	8,201	(D)	4,129	(D)	(D)	(D)	(D)	1,404	251	0	21	3,407	328	2,936
Textile and apparel	111	2	59	4	(D)	(*)	3	(D)	1	0	1	49	0	40
Lumber and furniture	99	(D)	(D)	5	11	0	8	0	0	0	19	43	0	43
Paper, allied products	584	2	436	1	0	33	0	1	0	0	0	(D)	(D)	7
Printing and publishing	861	363	362	9	(D)	128	0	78	(*)	0	0	134	1	(D)
Newspapers	16	2	1	0	0	1	0	0	0	0	0	14	0	(*)
Other	844	362	361	9	(D)	128	0	78	(*)	0	0	121	1	(D)
Rubber products	206	0	(D)	(D)	2	121	(*)	1	0	0	0	(D)	0	(D)
Misc. plastics products	247	5	132	7	(*)	0	0	67	(D)	0	0	(D)	3	66
Stone, clay, and glass	2,660	0	(D)	(D)	19	0	(D)	879	(D)	0	0	1,051	(D)	758
Transportation equip.	1,800	(*)	161	54	2	(D)	2	87	1	0	0	1,638	0	1,636
Motor vehicles, equip.	1,659	0	22	2	2	0	0	(D)	1	0	0	1,636	0	1,636
Other	141	(*)	139	51	1	(D)	2	(D)	0	0	0	2	0	0
Instruments	1,465	(*)	1,245	26	402	0	(D)	241	(D)	0	1	(D)	0	97
Other	167	(*)	35	(D)	1	0	1	(D)	0	0	0	131	0	(D)

(Continued on next page)

# California

(Continued)

**Table 3. Affiliate Gross Book Value of Property, Plant, and Equipment in California,  
by Industry of Affiliate by Country of UBO, 1997 (\$ millions)**

	All countries	Canada	Europe						Latin America and Other Western Hemi- sphere	Africa	Middle East	Asia and Pacific		
			Total	Of which								Total	Of which	
				France	Germany	Neth- erlands	Switzer- land	United Kingdom					Australia	Japan
Wholesale trade	17,020	138	5,025	359	3,656	180	246	395	85	31	1	11,735	3	10,573
Motor vehicles, equip.	9,427	(*)	(D)	0	(D)	(D)	0	0	(*)	(*)	0	(D)	(*)	5,798
Professional, commer. equip.	1,390	(*)	168	0	111	(D)	(D)	23	0	0	0	1,222	0	869
Metals and minerals	126	(*)	11	(*)	2	0	0	7	1	31	0	84	0	55
Electrical goods	3,382	7	105	(D)	36	24	2	10	0	0	0	3,270	0	2,951
Machinery, equipment	446	(D)	250	6	15	1	12	(D)	(*)	0	(*)	(D)	2	144
Other durable goods	503	(D)	165	(D)	2	3	(D)	(D)	(D)	0	0	307	1	245
Groceries, related products	841	7	506	(D)	0	(*)	(D)	59	41	0	0	287	0	248
Farm product raw materials	151	0	63	(D)	0	0	48	0	(D)	0	(*)	(D)	0	64
Other nondurable goods	754	(D)	(D)	44	(D)	(D)	(D)	15	3	0	1	214	(*)	199
Retail trade	2,937	178	1,602	93	(D)	214	(*)	98	157	0	233	767	4	658
General merchandise stores	120	0	117	0	0	0	0	(D)	0	0	0	4	0	4
Food stores	1,458	(*)	(D)	0	(D)	0	0	(D)	2	0	0	(D)	0	(D)
Apparel, accessory stores	637	(D)	224	(D)	2	(D)	0	17	151	0	192	(D)	1	(D)
Other	722	(D)	(D)	(D)	28	(D)	(*)	52	4	0	41	(D)	2	(D)
Finance, except banking	614	14	242	(*)	32	(*)	(D)	104	(D)	0	(D)	323	0	304
Insurance	1,871	419	1,348	(D)	(D)	(D)	(D)	(D)	(D)	0	0	7	0	6
Real estate	21,112	(D)	3,585	461	572	70	66	1,739	462	(D)	1,162	12,364	(D)	9,332
Services	11,724	1,969	2,831	988	254	176	92	1,171	398	1	(D)	6,321	(D)	4,630
Hotels and lodging	6,054	0	1,194	873	(D)	(D)	0	(D)	(D)	0	(D)	4,543	0	2,947
Business services	1,738	46	701	102	(D)	(D)	76	398	(D)	1	(D)	716	0	674
Computer, data processing	1,009	46	318	15	(D)	(D)	(D)	146	0	0	3	630	0	606
Other business services	729	0	383	88	(D)	0	(D)	252	(D)	1	(D)	86	0	68
Motion pictures, incl TV	2,079	(D)	318	0	0	0	0	318	3	0	1	(D)	(D)	16
Engineer, architect.	35	4	25	4	1	9	0	2	0	0	0	5	0	5
Accounting, research, mgmt.	422	4	276	(D)	0	3	0	(D)	(*)	0	0	141	0	138
Health services	274	0	(D)	0	205	0	(D)	0	(D)	0	0	0	0	0
Other services	1,123	(D)	(D)	(D)	1	(D)	(D)	(D)	2	0	0	(D)	0	850
Other industries	9,341	(D)	(D)	(D)	92	68	(D)	(D)	173	0	21	2,226	(D)	1,303
Agriculture, forestry, fishing	546	4	407	27	73	2	59	64	87	0	11	36	(*)	35
Mining	(D)	(D)	(D)	0	0	0	4	(D)	0	0	0	0	0	0
Coal	(*)	0	(*)	0	0	0	0	(*)	0	0	0	0	0	0
Other	(D)	(D)	(D)	0	0	0	4	(D)	0	0	0	0	0	0
Construction	1,022	1	205	(D)	3	1	6	177	38	0	10	768	2	743
Transportation	1,779	552	469	3	16	65	(D)	267	(D)	0	1	(D)	3	523
Communication & utilities	(D)	641	3,810	(D)	0	1	0	2,328	(D)	0	0	(D)	(D)	2

# Foreign Direct Investment

**Table 4. Affiliate Employment, by State, 1997**

	<i>Total</i>		<i>Manufacturing</i>	
	<i>Employment</i>	<i>Percent</i>	<i>Employment</i>	<i>Percent</i>
TOTAL	5,164.3	100.0	2,081.7	100.0
<b>California</b>	<b>569.4</b>	<b>11.0</b>	<b>192.7</b>	<b>9.3</b>
New York	351.5	6.8	79.3	3.8
Texas	350.6	6.8	131.7	6.3
Florida	240.9	4.7	47.5	2.3
Ohio	234.1	4.5	136.8	6.6
Pennsylvania	225.0	4.4	104.7	5.0
North Carolina	225.0	4.4	117.7	5.7
Illinois	224.5	4.3	104.4	5.0
New Jersey	212.4	4.1	80.1	3.8
Georgia	188.9	3.7	83.1	4.0
Michigan	171.4	3.3	85.0	4.1
Massachusetts	159.5	3.1	43.7	2.1
Tennessee	149.4	2.9	87.2	4.2
Virginia	143.3	2.8	45.7	2.2
Indiana	128.3	2.5	86.4	4.2
South Carolina	116.9	2.3	66.8	3.2
Minnesota	96.6	1.9	32.3	1.6
Maryland	92.0	1.8	22.9	1.1
Kentucky	89.5	1.7	64.0	3.1
Washington	86.6	1.7	30.6	1.5
Missouri	84.0	1.6	42.0	2.0
Connecticut	83.8	1.6	25.3	1.2
Colorado	80.3	1.6	19.8	1.0
Wisconsin	76.5	1.5	45.3	2.2
Alabama	65.0	1.3	42.0	2.0
Arizona	59.4	1.2	17.1	0.8
Louisiana	58.0	1.1	21.3	1.0
Oregon	52.0	1.0	21.6	1.0
Hawaii	50.1	1.0	1.3	0.1
Kansas	45.4	0.9	17.1	0.8
Iowa	37.8	0.7	21.5	1.0
Utah	36.7	0.7	11.1	0.5
Arkansas	35.2	0.7	23.5	1.1
Oklahoma	34.4	0.7	15.6	0.7
Maine	31.6	0.6	12.6	0.6
New Hampshire	31.6	0.6	15.2	0.7
West Virginia	27.2	0.5	13.8	0.7
Nevada	25.5	0.5	5.1	0.2
Mississippi	21.7	0.4	11.5	0.6
Nebraska	20.8	0.4	9.0	0.4
Delaware	19.1	0.4	7.7	0.4
Rhode Island	18.5	0.4	6.7	0.3
New Mexico	17.4	0.3	4.0	0.2
Idaho	12.4	0.2	3.7	0.2
District of Columbia	11.2	0.2	0.6	0.0
South Dakota	10.4	0.2	3.6	0.2
Vermont	9.6	0.2	3.6	0.2
Alaska	8.7	0.2	1.6	0.1
Wyoming	6.9	0.1	1.3	0.1
Montana	4.4	0.1	0.6	0.0
North Dakota	3.5	0.1	1.5	0.1



# California

**Table 5. Affiliate Employment in California, by Country, 1987-1997**

Country	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996r	1997p
All countries	334,900	407,100	514,900	555,900	561,100	522,700	529,100	536,400	548,600	557,500	569,400
Canada	34,000	60,200	63,800	63,600	63,200	35,700	50,400	52,700	71,800	54,700	58,200
Europe	174,200	211,000	265,600	290,200	280,200	269,900	267,600	270,600	265,500	273,000	273,400
Austria	300	2,200	2,200	1,300	1,200	1,100	1,000	600	500	200	100
Belgium	3,500	2,400	1,100	400	1,100	1,200	1,200	G	1,000	1,600	1,600
Denmark	1,800	4,100	6,500	(D)	4,500	4,100	8,700	I	7,500	7,500	1,500
Finland	400	600	700	1,600	1,300	1,700	1,700	1,600	1,400	1,500	2,000
France	17,300	20,100	23,000	28,700	29,000	30,100	35,600	37,700	31,100	37,100	32,700
Germany	26,900	27,200	30,000	46,100	47,000	48,300	50,700	50,200	51,300	54,100	59,600
Ireland	2,500	2,400	2,400	3,800	3,600	3,900	3,200	3,500	3,800	4,900	5,000
Italy	1,100	(D)	(D)	7,100	4,100	3,300	3,800	3,200	5,000	4,700	3,400
Liechtenstein	300	600	900	300	300	300	200	(*)	200	200	100
Luxembourg	3,800	4,400	4,400	4,400	4,400	5,300	5,400	5,700	3,900	4,000	3,400
Netherlands	26,100	27,300	29,800	30,500	25,700	27,000	23,900	24,600	23,900	26,100	23,600
Norway	200	200	400	300	200	300	300	(*)	300	600	1,500
Spain	(D)	(D)	(D)	(D)	(D)	(D)	1,900	2,000	1,700	G	1,600
Sweden	(D)	7,800	8,400	14,400	15,200	13,000	7,700	4,200	3,800	H	5,900
Switzerland	22,200	16,700	31,100	26,400	27,200	30,100	22,100	33,500	40,700	38,400	43,800
United Kingdom	62,200	87,700	116,600	112,500	112,900	98,200	100,100	93,100	89,400	86,100	87,600
Other	(*)	(*)	(*)	(*)	(D)	(*)	100	(*)	100	100	(*)
Latin America/Other West Hemisphere	13,000	13,700	32,700	17,700	17,500	17,700	18,600	20,900	16,700	17,700	23,200
South and Central America	6,600	6,900	26,500	10,600	11,500	12,400	12,900	13,200	9,100	9,800	8,100
Argentina	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Brazil	300	300	200	(D)	(D)	1,200	1,200	1,500	1,600	1,700	1,700
Mexico	1,100	700	(D)	3,700	4,700	5,400	5,900	6,500	6,300	7,800	5,900
Panama	(D)	4,700	(D)	4,700	(D)	(D)	(D)	H	300	100	400
Venezuela	300	300	300	300	200	200	500	(*)	(*)	(*)	(*)
Other	n.a.	n.a.	700	(D)	800	(D)	(D)	G	900	(*)	100
Other Western Hemisphere	6,300	6,800	6,300	7,100	6,100	5,300	5,700	7,700	7,600	7,900	15,200
Bahamas	200	200	200	100	100	200	200	(*)	300	300	400
Bermuda	3,500	4,300	3,400	4,200	3,300	3,100	3,200	4,700	4,800	5,400	11,500
Netherlands Antilles	2,500	2,300	2,100	2,000	1,900	1,000	1,300	1,100	1,100	1,200	G
U. K. Islands, Caribbean	(*)	100	600	900	800	900	900	1,400	1,300	900	G
Other	(*)	(*)	0	0	0	(*)	100	(*)	100	100	100
Middle East	1,900	2,700	2,600	1,100	1,100	1,400	1,500	5,500	4,000	6,600	6,000
Israel	200	200	200	200	200	300	600	900	1,100	1,100	1,100
Kuwait	(D)	(D)	(D)	700	500	700	600	500	400	300	300
Lebanon	(*)	0	0	(*)	0	(*)	(*)	(*)	(*)	(*)	100
Saudi Arabia	400	400	200	100	200	200	200	G	2,200	260	1,800
United Arab Emirates	0	(*)	(*)	(*)	100	(*)	(*)	(*)	(*)	(*)	(*)
Other	(D)	(D)	(D)	(*)	(*)	100	100	G	300	250	2,800
Japan	71,300	86,600	109,400	134,300	152,400	146,400	143,500	142,900	143,500	155,900	162,900
Australia, New Zealand, S. Africa	26,800	18,900	24,300	26,100	21,700	20,000	20,300	14,500	15,300	16,200	14,800
Other Africa, Asia, and Pacific											
Africa, exclud. South Africa	(*)	100	300	300	100	(*)	(*)	(*)	(*)	(*)	(*)
China	n.a.	n.a.	n.a.	n.a.	n.a.	400	400	500	600	500	200
Hong Kong	6,200	5,400	4,900	7,700	9,500	10,500	7,500	8,800	8,800	9,900	6,900
South Korea	2,900	3,200	3,000	3,300	3,400	4,300	5,200	6,000	6,600	7,500	6,900
Malaysia	100	100	100	100	200	200	500	700	700	1,000	800
Philippines	600	700	(D)	(D)	1,900	(D)	2,500	2,200	2,200	400	400
Singapore	200	600	700	1,100	1,100	1,200	1,300	2,300	2,300	2,500	2,400
Taiwan	600	700	1,000	3,900	3,600	3,600	3,600	4,100	3,900	4,400	6,800
United States	2,500	2,600	4,000	3,700	3,300	7,100	4,800	3,000	4,100	3,800	3,800

p: Preliminary data; r: Revised data; n.a.: Not ; D: Suppressed to avoid disclosure of data of individual companies.

Employment size ranges for suppressed data: A--1 to 499; F--500 to 999; G--1,000 to 2,499; \* Fewer than 50 employees.

# Foreign Direct Investment

**Table 6. Affiliate Employment in California, All Countries by Industry of Affiliate, 1987 - 1997 (number of employees)**

Industry	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996r	1997p
All industries	334,900	407,100	514,900	555,900	561,100	522,700	529,100	536,400	548,600	557,500	569,400
Petroleum	9,700	9,600	10,900	12,400	11,400	8,200	7,000	6,400	6,000	5,500	5,000
Manufacturing	141,600	173,300	213,900	216,800	210,100	203,600	197,900	190,300	197,800	205,200	201,800
Food and kindred products	17,500	18,400	27,300	29,000	30,400	29,900	25,600	26,500	25,700	23,600	22,600
Chemicals and allied products	26,600	28,000	32,700	37,300	34,500	39,000	38,600	37,300	35,200	36,500	32,000
Industrial chemicals and synthetics	9,800	11,100	11,000	12,500	11,400	14,400	12,200	9,100	7,600	6,400	5,400
Drugs	8,700	10,000	13,400	14,300	14,300	15,000	16,700	18,400	18,200	19,600	16,100
Soap, cleaners, and toilet goods	4,900	5,400	7,400	7,400	6,000	6,000	6,400	6,200	5,800	6,200	5,400
Agricultural chemicals	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Other	1,900	1,600	900	3,100	2,800	3,600	3,400	3,600	3,600	4,200	5,100
Primary and fabricated metals	8,200	13,400	20,400	16,500	14,400	12,600	13,600	12,800	13,600	14,900	13,400
Primary metal industries	4,900	6,700	10,100	8,500	7,700	7,000	6,900	6,400	6,400	6,600	6,200
Fabricated metal products	3,300	6,700	10,300	8,000	6,700	5,600	6,700	6,400	7,200	8,400	7,200
Machinery	39,500	52,900	60,900	69,700	66,600	61,100	59,000	54,400	58,800	60,300	60,000
Machinery, except electrical	11,000	19,000	25,900	29,300	30,400	24,000	21,600	21,200	24,900	24,000	25,500
Electric and electronic equipment	28,500	33,900	34,900	40,500	36,200	37,100	37,400	33,200	33,900	36,200	34,600
Other manufacturing	49,900	60,500	72,600	64,300	64,200	12,400	61,200	59,300	64,500	69,900	73,800
Textile products and apparel	1,200	1,700	3,500	3,900	4,100	4,000	2,300	2,400	3,100	3,000	2,800
Lumber, wood, furniture, fixtures	1,300	1,900	1,500	2,200	1,500	900	1,300	1,300	1,100	1,700	1,900
Paper and allied products	2,500	2,600	2,400	3,200	3,700	4,300	3,500	3,000	4,600	5,400	5,400
Printing and publishing	6,400	7,400	7,500	8,000	8,500	8,500	11,500	12,700	13,300	12,100	14,000
Rubber and plastics products	2,900	5,000	5,600	5,100	4,500	4,600	4,400	4,600	5,100	5,300	4,900
Stone, clay, and glass products	13,000	13,500	17,100	16,300	13,500	11,300	10,800	8,600	9,200	10,600	11,700
Transportation equipment	6,400	7,700	12,000	11,600	12,000	11,500	11,200	10,500	11,900	13,600	11,400
Instruments and related products	10,800	8,700	10,000	11,000	13,300	12,900	13,300	13,000	13,300	14,900	18,000
Other	5,500	1,210	1,300	3,000	3,100	3,100	3,000	3,300	2,900	3,300	3,900
Wholesale Trade	57,500	65,400	74,800	75,400	80,000	81,800	81,000	87,300	85,700	95,300	103,000
Motor vehicles and equipment	11,400	11,800	11,800	12,100	13,400	13,200	12,900	13,000	11,900	13,300	20,600
Metals, minerals, except petroleum	3,500	3,400	3,900	3,700	3,100	2,100	2,300	2,400	2,300	1,500	1,400
Other durable goods	2,900	5,500	7,100	7,200	8,200	7,800	9,000	7,500	7,500	7,400	7,200
Farm product raw materials	600	700	1,000	1,000	1,200	1,500	1,400	1,500	1,600	1,000	1,700
Other nondurable goods	8,900	6,200	6,700	5,600	6,400	8,900	8,700	8,600	8,700	8,000	8,900
Retail Trade	32,200	48,200	68,000	74,600	77,200	57,100	71,900	64,800	67,500	57,900	59,900
Food stores, eating & drinking places	3,900	1,900	(D)	(D)	16,100	15,900	17,800	19,900	17,400	18,100	19,400
Other retail trade	15,700	(D)	35,100	(D)	26,000	26,300	39,800	32,500	35,500	24,200	27,100
Finance, except banking	8,500	10,100	9,800	4,800	4,900	4,400	3,600	3,800	3,800	3,700	4,500
Insurance	7,000	12,200	12,700	18,100	19,100	18,900	19,100	18,100	16,900	17,000	17,800
Real Estate	6,200	6,500	7,500	8,400	6,200	6,700	6,000	6,500	6,100	4,900	4,700
Services	49,400	53,500	75,800	99,300	105,200	103,400	100,200	115,600	113,800	116,300	116,900
Other Industries	22,700	28,200	41,600	46,100	47,000	38,400	41,900	43,600	51,100	51,800	55,800
Agriculture, forestry and fishing	1,600	1,700	2,700	2,100	1,800	2,000	2,100	2,100	2,400	3,000	3,100
Mining	1,500	1,800	5,500	2,700	2,400	2,300	1,800	1,600	G	G	G
Construction	6,300	5,700	10,000	11,800	10,500	7,400	7,600	6,700	7,500	6,200	6,600
Transportation	(D)	14,600	17,600	21,700	25,400	19,500	21,100	21,000	18,100	29,600	31,200
Communication and public utilities	(D)	4,600	5,700	7,800	7,000	7,200	9,200	12,200	J	J	J

p: Preliminary data; r: Revised data; n.a.: Not ; D: Suppressed to avoid disclosure of data of individual companies.

# California

## Government Assistance for Foreign Investment

California receives many benefits from foreign investment, and state government is committed to playing a major role in promoting foreign investment and international commerce. International business activity is vital to the state's long-term growth, and supporting such activity involves retaining and attracting international companies.

The California Trade and Commerce Agency has a number of offices and programs that operate within the International Trade and Investment (ITI) Division to promote, encourage and enhance foreign investment.

**Office of Foreign Investment.** The Office of Foreign Investment (OFI) was established in 1987 to attract new industry to California and to expand existing industry as part of the state's long range economic development program. As the lead state office responsible for foreign direct investment in California, one of the highest priorities has been to promote foreign investments leading to job creation in the state.

OFI works closely with the California International Trade and Investment offices in Asia, Europe, South Africa, Mexico, South America and Israel, while utilizing a network of resources including foreign banks, international business associations, consulate offices, multinational corporations, and other state agencies. The objective of these efforts is to help foreign-affiliated corporations invest in and integrate smoothly into California's economy.

OFI serves as an ombudsman by helping resolve barriers that foreign companies might encounter in investing, expanding and operating businesses in California. The office also serves as a business advocate and liaison between state government and potential foreign investors.

Services offered by OFI include providing potential site investors with detailed information on plant sites or office facilities, labor availability, worker training and wage rates, and permit assistance. The services are provided on a confidential basis. In addition, OFI organizes and participates in investment missions. The objective of the missions is to discuss with foreign governments, and corporate and industrial leaders, the economic benefits of investing in California.

**Foreign Offices.** California's 14 foreign offices, each referred to as a California Office of Trade and Investment, were established to promote California exports and attract foreign investment to the state. Office services vary, depending on their geographic location. In general, the state's international presence allows direct contact with important foreign businesses and serves as a constant reminder of the commitment of California to international trade and investment. The offices can offer local intelligence, contact buyers or business partners, and assist with local import regulations, distribution and marketing. Foreign offices are located in Buenos Aires, Frankfurt, Hong Kong, India, Jerusalem, Johannesburg, London, Manila, Mexico City, Taipei, Tokyo, Seoul, Shanghai, and Singapore.

## Foreign Direct Investment In California

State of California  
**Gray Davis, Governor**

Trade & Commerce Agency  
**Lon Hatamiya, Secretary**

International Trade and Investment Division  
**Chris Campaña, Deputy Secretary**

Office of Foreign Investment  
**Jeffrey Matsui, Director**

Office of Economic Research  
**Chris Cochran, Senior Economist**

Prepared by  
**Greg Pochy, Research Analyst**

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<http://commerce.ca.gov/economy/Publications.html>  
Sources used in this publication are available from:  
California Trade and Commerce Agency  
Office of Economic Research  
(916) 322-3539*

*For assistance with investing, expanding, or operating  
foreign businesses in California,  
contact the Office of Foreign Investment at:*

California Trade & Commerce Agency  
Office of Foreign Investment  
801 K Street, Suite 1926  
Sacramento, California 95814  
Phone: 916/322-3518  
Fax: 916/322-3401  
E-mail: [ofi@commerce.ca.gov](mailto:ofi@commerce.ca.gov)  
Internet web site:  
<http://commerce.ca.gov/international>